



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, DECEMBER 14, 2007
WWW.USDOJ.GOV

CRM
(202) 514-2008
TDD (202) 514-1888

ITALIA FEDERICI SENTENCED FOR EVADING TAXES AND OBSTRUCTING SENATE INVESTIGATION INTO ABRAMOFF CORRUPTION SCANDAL

WASHINGTON – Italia Federici, the former president of the Council of Republicans for Environmental Advocacy (CREA), has been sentenced to four years of probation and ordered to pay more than \$74,000 in restitution, Assistant Attorney General Alice S. Fisher of the Criminal Division and Acting Assistant Attorney General Richard T. Morrison of the Tax Division announced today.

Federici, 38, of Washington, D.C., was sentenced today in the U.S. District Court for the District of Columbia by Judge Ellen Segal Huvelle. In imposing Federici's sentence, Judge Huvelle granted the government's motion for a downward departure based on the substantial assistance Federici provided in the investigation of the corruption scandal surrounding former lobbyist Jack A. Abramoff. Court documents reflect that Federici's cooperation concerned, among other things, the corrupt relationship and dealings that occurred between Abramoff and J. Steven Griles while Griles served as the Deputy Secretary of the U.S. Department of the Interior (DOI), the second-highest ranking official at DOI.

Federici pleaded guilty on June 8, 2007, to one count of income tax evasion and one count of obstructing the U.S. Senate's investigation into the lobbying activities of Abramoff. Griles, Abramoff, and several others have pleaded guilty in connection with the government's public corruption investigation.

According to court documents, Federici admitted to obstructing the investigation of the U.S. Senate Committee on Indian Affairs into Abramoff, which began in the fall of 2004. Federici also admitted to willfully evading her individual income taxes for the calendar years 2001 through 2003 by, among other things, failing to segregate her personal finances from CREA's, using cash to handle CREA's and her own personal finances, failing to maintain proper books and records or properly report CREA's payroll, failing to submit her U.S. individual income tax returns on the relevant due dates, and then failing to pay the income taxes owed. Federici admitted that in lieu of taking a regular salary, she and CREA's other officer, Jared Carpenter, obtained funds from CREA by direct cash withdrawals from CREA's bank account. Carpenter, who pleaded guilty on July 6, 2007, to income tax evasion, is also being sentenced today by Judge Huvelle.

Court documents reflect that Federici was the founder and president of CREA, a non-profit organization set up in Colorado in 1997 and incorporated in Washington, D.C., in 2000 as

an Internal Revenue Code Section 501(c)(4) corporation. On March 1, 2001, she introduced Abramoff to Griles just before Griles was nominated to be DOI's Deputy Secretary. At the time, Federici and Griles were friends, and Griles had helped raise funds for CREA, which had operated primarily through donations.

Griles was confirmed as DOI's Deputy Secretary on July 12, 2001, and served in that position until he resigned effective Jan. 31, 2005. In her guilty plea, Federici admitted that during much of Griles' DOI tenure, she served as a conduit for information between Abramoff and Griles. In this role, she would communicate in-depth with Abramoff about his clients and the issues and concerns applicable to them, and then communicate in-depth with Griles about these issues and/or forward to Griles information and documents Abramoff supplied. Federici also admitted that she met with Abramoff and Griles in order to speak substantively and directly about these issues while Griles was DOI Deputy Secretary. Among other things, Federici's involvement as a conduit between Abramoff and Griles hindered DOI's official record-keeping about Griles' contacts with lobbyists such as Abramoff, and DOI's ability to measure the level of Abramoff's access to Griles.

Griles pleaded guilty to obstructing the Senate committee's Abramoff investigation and was sentenced on June 26, 2007, to ten months in prison and fined \$30,000.

Court documents reveal that beginning soon after Federici introduced Abramoff to Griles and began serving as a conduit for information, Abramoff and certain of his Native American tribal clients became significant donors to CREA. Ultimately, Abramoff personally and through his Native American tribal clients donated a total of \$500,000 to CREA between March 2001 and May 2003.

In the wake of the Abramoff scandal, Federici was interviewed by Senate investigators, and then testified before members of the Senate committee during a Nov. 17, 2005, public hearing. The Senate committee was investigating the level of access Abramoff had to Griles and the extent of the communications involving Federici, Abramoff and Griles. Federici admitted that during both her interview and her hearing testimony, she lied to and withheld material information from senators and Senate investigators in responding to questions about the extent of the communications involving her, Abramoff, and Griles during Griles' DOI tenure.

This case was prosecuted by Trial Attorneys Kartik K. Raman and Armando O. Bonilla of the Public Integrity Section, which is headed by Chief William M. Welch II, and Trial Attorneys Karen Kelly, Susan Vrahoretis, and Mark Daly of the Tax Division's Criminal Enforcement Section. The case was investigated by a task force of federal agents including Special Agents of the DOI Office of the Inspector General, the Federal Bureau of Investigation, and the Internal Revenue Service's Criminal Investigation Division.

Abramoff is currently serving a 70-month prison sentence at the Federal Prison Camp in Cumberland, Md., for his guilty plea on conspiracy and fraud charges brought in Miami. Abramoff has also pleaded guilty to corruption, fraud, conspiracy and tax charges in the District of Columbia. The Justice Department's public corruption investigation related to Abramoff has

netted a total of 11 convictions thus far, including those of Griles and former Congressman Robert Ney.

#

07-1005